IRON AGE
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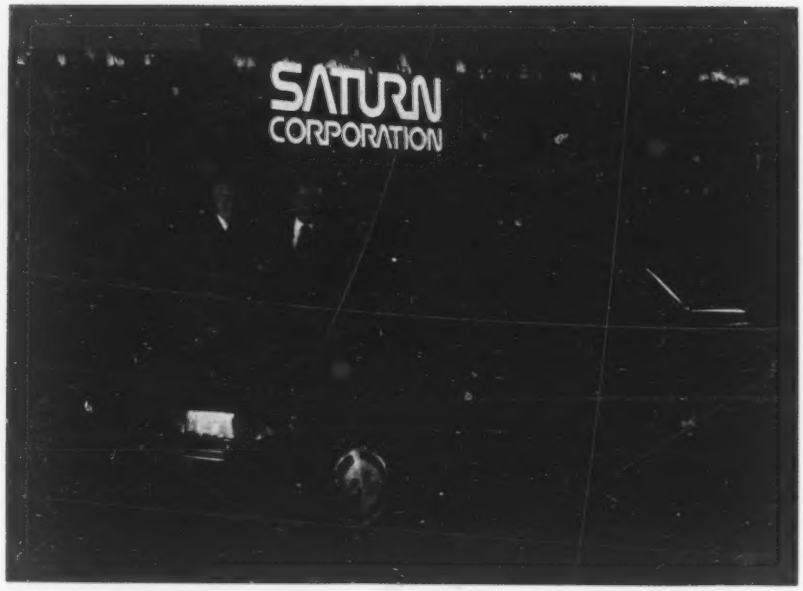
NOVEMBER 7, 1986 VOL. 229, NO. 21

IRON AGE
MANUFACTURING MANAGEMENT



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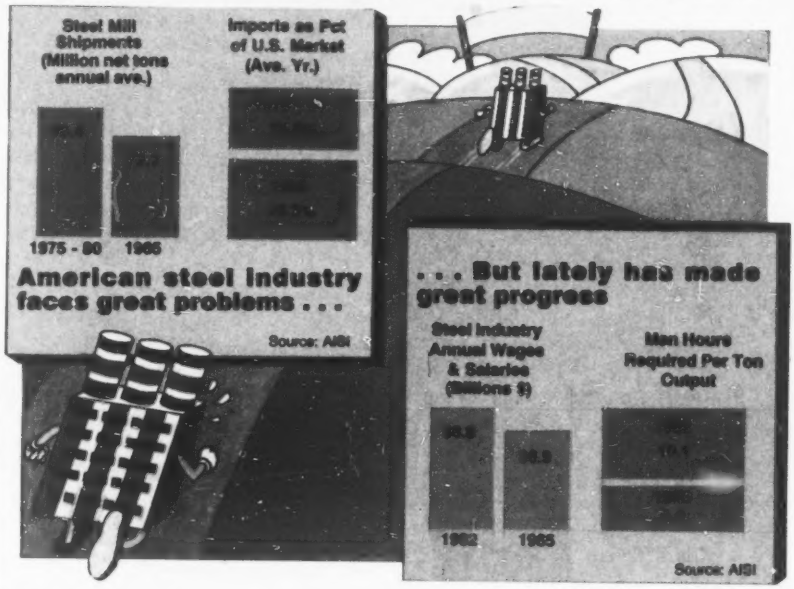
WILL LOSER STEEL BECOME A WINNER?

BY JOHN D. BAXTER

Though it can now produce steel cheaper than our leading trading partners, more time is needed to put it back in the winner's circle.


Steel Mill Shipments (Million net tons annual ave.)
Imports as Pct of U.S. Market (Ave. Yr.)
1975 - 80
1985
American steel industry faces great problems . . .
Source: AISI
. . . But lately has made great progress
Steel Industry Annual Wages & Salaries (billions $)
Man Hours Required Per Ton Output
1982
1985
Source: AISI

"Almost all of steel's major markets will show a decline in 1987."

That's the forecast of Peter B. Mulloney, vice president and assistant to the chairman at USX Corp.

The forecast was not a surprising one. But there is still a startling aspect to it; it was made for a year that almost certainly will be the fifth straight one of economic expansion in this country.

The 'great lag' is not an affliction felt solely by the steel industry.

Mr. Mulloney gave the forecast at a recent Conference Board meeting where he was one of the panelists. In a separate session, another panelist, economist Lawrence Chimerine, said, "I don't ever remember such weaknesses so late in a business expansion period as we are now seeing in critical areas such as industrial production and capital investment."

Mr. Chimerine is chairman and chief economist of the forecasting firm, Chase Econometrics.

The analyses made at the meeting by the steel executive and the economist—and others—made it seem that a consensus has developed on an explanation of why the manufacturing sector, especially basic goods producers, is showing negative numbers even as the overall economy continues to gain.

The view is held that the manufacturing sector has been battered by a powerful one-two punch. The entire economy has been hit, but the manufacturing sector's chin seems to be the most vulnerable.

Punch One has been an explosion of manufactured goods imports. U.S. trade in manufactured goods has reeled from a near $12 billion *surplus* in 1984 to a current annual *deficit* running at about $125 billion.

Punch Two has been the recent sluggish and sliding U.S. economy. The economy has grown, but growth has been too weak to give a lift to the manufacturing sector, where the growth rate has lagged well behind that of the overall economy. Real GNP slipped from a 6.4 pct growth rate in 1984 to 2.7 pct last year, and is widely expected to slow further this year to a piddling 2.2 pct.

If the one-two punch is looked at as a single blow, it becomes clear that the real knockout punch has come from imports. Simply, the manufacturing sector, groggy from the imports shot, was not up to taking the second blow—the slowed economy.

Steel Hit Hard

Few industries have been hit harder by soaring imports than the steel industry. That industry's biggest market, the capital goods sector, has been overwhelmed by a flood of imports. On top of that, indirect steel trade—imports of steel-intensive finished goods—has also robbed the domestic industry of huge chunks of its home markets.

These points about the American steel industry were brought out clearly by Mr. Mulloney. At the same time, he offered a fresh, and optimistic, appraisal of the long-term state of steel demand in this country.

First, Mr. Mulloney gave the forecast numbers. Then, as he said, he looked at "some of the fundamental factors that will affect the industry in 1987 and beyond."

The number on steel consumption in the U.S. for next year he saw was 83 million tons. That to-

Bad News for Steel's Primary Market

"There is no way that capital spending can be a leading factor in the economy next year, or the next."

That dour forecast was voiced by Chase Econometric's Lawrence Chimerine at the recent Conference Board meeting where he served as a panelist along with USX's Peter B. Mulloney.

The economists' capital spending forecast was bad news for Mr. Mulloney. After all, in his own talk, the steel executive had noted that capital spending is the prime consumer of steel, accounting for 70 pct of all that is chewed up in this country.

"In the past 12 to 15 months," said Mr. Chimerine, "capital spending has just about stagnated. There are simply no signs of any imminent pick-up."

The economist raised the question, "Does the recent weakness in capital spending reflect uncertainty about the new tax bill, or is the weakness due to something more fundamental?"

He found the problem in weak fundamentals. For one, he cited "relatively low" capacity utilization rates at factories.

"This is the first time in my memory," he said, "that there have been such low plant usage rates this late in an economic recovery."

The economist found two other basic indicators of plant spending pointing down—ones relating to industry's wherewithal to acquire new plants and equipment.

"For about 18 months now," he noted, "there has been little or no growth in corporate profits.

"At the same time, there has developed a pile-up of corporate debt. My clients tell me they are using up most of their cash flow to pay off debts, not to spend for new equipment."

Then there is the most fundamental of all indicators of capital investment—the state of the economy. Here again, Mr. Chimerine was downbeat.

"The outlook," he said, "is for continued sluggish economic growth. Companies are planning cautiously on the basis of continued soft demand ahead. That certainly doesn't bode well for plant spending."

Mr. Chimerine also sees unfavorable signs for capital investment in the government fiscal policy area. "Government fiscal policies," he said, "due to severe spending constrictions, remain restrictive. There are no signs of stimulus to investment from this quarter.

"Further, it appears that the new tax bill, on balance, will put a crimp in plant spending. Business will have winners and losers. The losers will tend to be capital-intensive ones—the big buyers of plant and equipment."

He noted the signs in the economy widely hailed as "favorable"—lowered interest rates, low oil prices, the low rate of general inflation and the softer dollar. He sees these signs as "mixed," for capital spending, rather than all pluses.

"Real interest rates," he noted, "are still prohibitively high. It is still costly, in terms of real interest rates, for a company to build new plants or buy new equipment."

Morever, he pointed out that low oil prices have led to severe cutbacks in capital spending by the petroleum industry.

The falling dollar, he said, will take time and more time before it gives a lift to plant investment.

tal would be down from the 87 million expected for this year, and down further from the 93 million tons recorded in 1985.

In steel shipments by domestic mills, the USX executive forecast 65 million tons for next year. This would be down from 68 million tons looked for this year and 73 million tons shipped in 1985.

"Almost all of steel's major markets will show a decline in 1987," he noted. He cited the major appliance industry as "one significant exception." Continued high housing starts and favorable consumer confidence levels should fuel another strong performance in 1987 by the appliance industry next year, he added.

Mr. Mulloney noted that domestic steel consumption will continue to be depressed by the "very slow growth in GNP and the overall weakness of the manufacturing sector."

He turned to capital goods markets—the primary consumer of steel—to illustrate the steel industry's import problems.

"The capital goods market," he said, "which as recently as 1981 took almost 80 pct of the steel consumed in the United States, will take only a little over 70 pct of a much smaller total in 1987."

He quickly honed in on imports for the explanation for that market weakening.

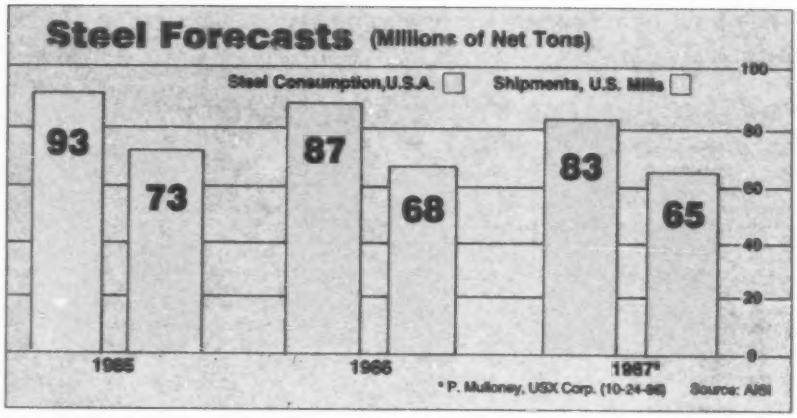
"One of the most dramatic shifts in our merchandise trade balance," he noted, " has been in the capital goods area. In 1981, the United States had a positive balance of trade in capital goods of $45 billion. In 1985, the U.S. had a positive balance of only $9 billion—a negative swing of $36 billion."

The swing in the trade balance, he noted, "is the single biggest reason for the decline of steel consumption in this (capital goods) sector."

(Cont. on p. 47.)

Within the overall import context, the USX executive noted that, "The biggest single factor in the decline in U.S. steel consumption... is the dramatic shift in the indirect balance of trade in steel. By indirect steel trade I mean steel that enters or leaves the country in the form of manufac tured products."

As late as 1981, he pointed out, the U.S. had a "significant surplus" in indirect steel trade. However, by 1985, the U.S. had a 7.5 million ton deficit. Further, he estimated that the 1986 deficit will be more than 8 million tons.



Demand is There

Still, Mr. Mulloney sees, in the magnitude of indirect steel imports, a clear sign of the underlying strength of steel demand in this country. He said there is a widespread misconception concerning the level of steel consumption in the U.S.

"It is widely believed," he said, "that steel consumption in the U.S. has dropped drastically in the decade of the 1980s. And we are told this is a natural and irreversible condition. I suggest what we have seen is **not** natural and may be reversible."

Based on Mr. Mulloney's estimate of indirect steel trade deficits of over 8 million tons, he noted, "This means that our 1987 forecast of 83 million tons of steel consumption would be well over 90 million if one could return to the indirect trade volumes of 1981 and before.

"This tells us that actual per capita steel consumption in the U.S. has not dropped nearly to the depths we are told—but, much of the steel being consumed by the economy is being imported in the form of automobiles, machinery and other steel-intensive products.

"The erosion of our manufacturing base is our problem."

This erosion, noted the steel executive, is not the natural result of a maturing economy. "Instead," he said, "it has been caused by the unnatural strength of the dollar and weakness of other major currencies, and often by predatory practices of our trading partners."

Mr. Mulloney does not see any imminent relief in the case of the manufacturing erosion problem. He sees dollar depreciation as too little and world steel capacity as too much. Cures here will take time.

In the 'dollar' matter, he sees foreign manufacturers staging a long, hard fight to hold onto their U.S. markets, even at the cost of lower profits.

"Further depreciation of the dollar against the yen and the mark," he said, "will be necessary so as to make it prohibitively expensive to maintain market share in the United States."

Too, he noted, the dollar has depreciated 'only' against certain currencies. "The currencies of Canada, Korea, Taiwan and Brazil—all major exporters to the U.S.—have shown no, or virtually no, appreciation vis-a-vis the dollar."

World steel over-capacity, he said, will possibly take even longer to correct than the dollar.

"Steel suffers from massive over-capacity in the world—about 200 million extra tons."

He cited efforts in the European Community and Japan to curtail capacity. But he also noted that, "As capacity is reduced in the developed world, capacity continues to be added in the newly industrialized countries."

The U.S., he added, must also continue to shed capacity.

"The effect of the President's steel program is to cede between 20 and 25 pct of our markets to imports—that, along with the damage done to our customer base, means capacity must be reduced."

Progress Noted

Amid all the steel industry's problems, Mr. Mulloney did see real progress being made. A confirmation of this is seen in data from the American Iron and Steel Institute that shows U.S. mills have reduced the man-hours required per ton of output from 10.1 in 1982 to 6.9 last year.

Also, he said, there is evidence that domestic mills can now produce steel at less cost per ton than their leading trade partners. The U.S. cost is estimated to be $475. Cost of the foreign competitors—after absorption of their entry costs to U.S. markets: Japan $533, France $510, West Germany $486, U.K. $437.

Those figures, compiled by the brokerage firm Paine Webber, said Mr. Mulloney, were checked out as 'on target' by his own company.

His concluding point was that U.S. manufacturing, including steel mills, are making progress. But full payoff results may yet be some time away because of the magnitude of the problems and the length of time they have been around. □

PRICE & PRODUCTION DATA

(Effective October 13, 1986)

Steel production by districts, thousands of tons
('000 omitted)

	Last Week	Two Weeks Ago	Month Ago	Year Ago
Northeast Coast	129	130	145	176
Pittsburgh	178	156	165	161
Youngstown	113	100	106	90
Lake Erie	105	103	104	139
Detroit	141	142	132	149
Chicago	305	329	334	488
Midwest	152	150	118	153
Southern	135	133	139	194
Western	41	40	40	86
U.S. Production	1,299	1,283	1,283	1,636

Source: American Iron & Steel Institute

Lake Superior Ore Prices

51.50% Fe Natural delivered lower Lake ports unless otherwise stated. Rail transportation, handling and unloading may be charged to buyer. Coarse ore 80¢ premium.

Pellets (per iron unit natural) ..... gross ton 58.0*
Pellets (per iron unit natural) ..... gross ton 59.4**
Pellets (per iron unit natural) ..... gross ton 72.5 86.9***
Mesabi, regular unscreened ..... gross ton 32.53
Mesabi, non-bessemer ..... gross ton 30.03 31.53

*58.0¢ — Mineral Services, Inc. as of 8-13-85. **59.4¢ — Inland Steel Mining, 1-1-85 and Pickands Mather 8-1-85, delivered hold of vessel, upper Lake ports. ***72.5¢ — U.S. Steel as of 8-16-85, 86.9¢ — Oglebay Norton 3-25-82, Hanna Mining and Cleveland Cliffs, 2-26-82.

**Effective 8-1-83.

STEEL PRODUCTION, COMPOSITE PRICES

(Effective October 13, 1986)

U.S. Steel Production	Last Week	Two Weeks Ago	To Date 1986	To Date 1985
Net tons, in thousands	1,299	1,283	64,528	68,303
Capability Utilization Rate	53.7	53.1	64.6	65.6

Composite Prices	This Week	Week Ago	Month Ago	Year Ago
Finished Steel Base* (¢/lb.—eff. 8/31/86)	24.951	24.951	24.951	27.582
Pig Iron** (Net ton= 2000 lbs.)	$213.00	$213.00	$213.00	$213.00
Scrap No. 1 hvy *** (Gross ton=2240 lbs.)	$ 73.17	$ 73.17	$ 74.50	$ 71.50
No. 2 bundles	$ 50.50	$ 50.50	$ 52.17	$ 52.50

Scrap Comparison (Gross Ton)

No. 1 steel, Pittsburgh	$ 76.50	$ 76.50	$ 76.50	$ 73.50
No. 1 steel, Philadelphia	71.50	71.50	73.50	68.50
No. 1 steel, Chicago	71.50	71.50	73.50	72.50
No. 1 bundles, Detroit	72.50	72.50	72.50	66.50
Low Phos., Youngstown	72.50	72.50	74.50	69.50
No. 1 mach'y cast, Pgh	74.50	74.50	74.50	71.50
No. 1 mach'y cast, Phila	93.50	93.50	93.50	91.50
No. 1 mach'y cast, Chi.	101.50	101.50	103.50	99.50

*Finished Steel Composite: Weighted index of steel bars, shapes, plates, wire rods, black pipe, hot and cold rolled sheets and strips.
**Pig Iron Composite: Based on average prices for basic, steel foundry pig iron at representative producing points within the U.S.
***Steel Scrap Composite: Average of No. 1 hvy. melting steel scrap and No. 2 bundles delivered to consumers in Pittsburgh, Philadelphia and Chicago.

NONFERROUS PRICES

(Effective October 13, 1986) Prices obtained in trade based on representative tonnages per gross ton delivered to consumer unless otherwise stated.

Primary Metal Prices

(cents per lb.)	current price	last price	date of change
Aluminum (LME)	52.80	55.39	10/13/86
Copper (C)	62.00	62.50	10/10/86
Lead	25.50	24.50	10/10/86
Magnesium Ingot	153.00	148.00	12/9/85
Nickel (LME)	167.00	162.00	10/13/86
Zinc	47.00	44.50	10/6/86

ALUMINUM: Avg. for last week & previous week. COPPER (C): cathode. LEAD: common grade. MAGNESIUM: 99.8% pig, delivered. NICKEL: Avg. for last week & previous week. ZINC: high grade.

Antimony, American Laredo, Texas	$2.00
Beryllium-aluminum 5% Be, per lb. contained Be	$248.00
Beryllium-copper, per lb. cont. Be	$152.00
Beryllium 97% powder 200	$196.00
Cadmium, ton lots	$1.00
Calcium, ton lots, crown	$3.92
Chromium, 99.5% electro	$4.62
Cobalt, 99%, cathode	$11.70
Gold, per troy oz	$432.85
Indium, per troy oz	$2.65
Iridium, per troy oz	$430.00
Magnesium sticks, 10,000 lbs	$2.02
Mercury, per 76-lb., f.o.b. N.Y.	$175.00-200.00
Molybdenum, lb. tech. moly oxides, 20 lb. MO can	$3.30
Palladium, per troy oz	$141.00
Platinum, per troy oz	$590.00
Rhodium, per troy oz	$1,275.00
Silver ingots, per troy oz	$5.66
Titanium sponge, melt grade	$3.40-3.55
Tungsten powder, hyd red	$9.50-9.85
Vanadium	$6.00
Zirconium sponge	$12.00-17.00

(Per lb. unless otherwise noted)

Straits Tin Price

(U.S. cents per lb. EX-SMELTER, based on daily market in Kuala Lumpur in Malaysian dollars per kilo.)

October 6—N.A. October 9—N.A.
October 7—N.A. October 10—N.A.
October 8—N.A.

Scrap Prices
Brass Mill Scrap

(Cents per lb., over 20,000 lbs. add 1¢ per lb.)

	Solids	Turnings
Copper	56	51
Yellow brass	50	49½
Red brass	51	47
Comm. bronze	52½	47½
Mang. bronze	41½	40½
Free cutting rod ends	49	48

Custom Smelters Scrap

(Cents per lb., carload lots, del. refinery)

No. 1 copper wire	53
No. 2 copper wire	44
Light copper	36

Ingot Makers Scrap

(Cents per lb., carload lots, del. refinery)

No. 1 copper wire	49
No. 2 copper wire	40
Light copper	32
No. 1 composition	45
No. 1 comp. turnings	44
Hvy. yellow brass solids	30
Hvy. yellow brass turnings	25
Radiators	34

Aluminum		
New mixed clips	35	— 36
Old sheet	33	— 34
Old cast	33	— 34
Clean dry borings	34	— 35

Dealers' Scrap

(Dealers' buying price f.o.b. New York in cents per pound)

Aluminum

Segregated clippings	28	— 29
Mixed I.C. clips	26	— 27
Old sheets and cast	23	— 24
Borings and turnings	19	— 20
Duraluminum clippings	24	— 25

Copper and Brass

No. 1 copper wire	45	— 47
No. 2 copper wire	36	— 37
Light copper	31	— 33
Radiators	26	— 27
No. 1 composition	36	— 37
No. 1 composition turnings	34	— 35
Cocks and faucets	27	— 28
Clean heavy yellow brass	25	— 26
Brass pipe	27	— 28
New soft brass clippings	37	— 39

Lead

Heavy soft lead	5	— 7
Whole battenes	1	— 3
Type metal	15	— 17
Electrotype	13	— 14

Nickel

Nickel solids	105	—115
Nickel rod ends	105	—115
Nickel sheets, clips	105	—115
Nickel turnings	25	— 35

Zinc

New zinc clippings	16	— 17
Old diecast zinc	12	— 13

EFFECTIVE OCTOBER 13, 1986

(Effective October 13, 1986) Prices obtained in trade based on representative tonnages per gross ton delivered to consumer unless otherwise stated. Prices are the opinions of Iron Age editors and correspondents, based on contacts with dealers, brokers, generators and users in the industry on the effective date listed above.

Ferrous Scrap Prices

Pittsburgh

No. 1 hvy. melting	$ 76.00 to	$ 77.00
No. 2 hvy. melting	66.00 to	67.00
No. 1 dealer bundles	93.00 to	94.00
No. 1 factory bundles (auto)	97.00 to	98.00
No. 2 bundles	45.00 to	46.00
No. 1 busheling	89.00 to	90.00
Machine shop turnings	8.00 to	9.00
Shoveling turnings	43.00 to	44.00
Cast iron borings	42.00 to	43.00
Low phos. punchings, plate	104.00 to	105.00
Heavy turnings	66.00 to	67.00
No. 1 RR hvy. melting	86.00 to	87.00
Rails, 2 ft and under	97.00 to	98.00
Scrap rails, random lgth	83.00 to	84.00
RR specialties	96.00 to	97.00
No. 1 machinery cast	74.00 to	75.00
Cupola cast	67.00 to	68.00
Heavy breakable cast	30.00 to	31.00
Stainless		
18-8 bundles and solids	485.00 to	495.00
18-8 turnings	385.00 to	395.00

Chicago

No. 1 hvy. melting	$ 71.00 to	$ 72.00
No. 2 hvy. melting	66.00 to	67.00
No. 1 dealer bundles	86.00 to	87.00
No. 1 factory bundles (auto)	86.00 to	87.00
No. 2 dealer bundles	55.00 to	56.00
No. 1 busheling	82.00 to	83.00
Shredder scrap	79.00 to	80.00
Machine shop turnings	24.00 to	25.00
Mixed borings and turnings	16.00 to	17.00
Shoveling turnings	25.00 to	26.00
Cast iron borings	39.00 to	40.00
Low phos. forge crop	92.00 to	93.00
Low phos. punchings plate 1/4 in. and heavier	109.00 to	110.00
Low phos. 2 ft and under	104.00 to	105.00
No. 1 RR hvy. melting	74.00 to	75.00
Scrap rails random lgth	79.00 to	80.00
Reroller rails	100.00 to	101.00
Rails, 2 ft and under	94.00 to	95.00
RR couplers and knuckles	79.00 to	80.00
RR car axles	104.00 to	105.00
No. 1 machinery cast	101.00 to	102.00
Cupola cast	89.00 to	90.00
Stove plate	97.00 to	98.00
Steel car wheels	85.00 to	86.00
Stainless		
18-8 bundles and solids	460.00 to	470.00
18-8 turnings	360.00 to	370.00
430 bundles and solids	125.00 to	135.00
430 turnings	85.00 to	95.00

Philadelphia

No. 1 hvy. melting	$ 70.00 to	$ 73.00
No. 2 hvy. melting	62.00 to	65.00
No. 1 dealer bundles	82.00 to	85.00
No. 2 dealer bundles	49.00 to	52.00
No. 1 busheling	81.00 to	84.00
Shredder scrap	82.00 to	85.00
Machine shop turnings	24.00 to	27.00
Mixed borings and turnings	24.00 to	27.00
Shoveling turnings	37.00 to	40.00
Low phos. 5 ft and under	77.00 to	80.00
Low phos. 2 ft punchings	91.00 to	94.00
Electric furnace bundles	89.00 to	92.00
RR specialties	77.00 to	80.00
Rails, 2 ft and under	94.00 to	97.00
Cupola cast	82.00 to	85.00
Heavy breakable cast	52.00 to	55.00
No. 1 machinery cast	92.00 to	95.00

Detroit

Brokers buying prices per gross ton on cars

No. 1 hvy. melting	$ 51.00 to	$ 52.00
No. 2 hvy. melting	50.00 to	51.00
No. 1 dealer bundles	72.00 to	73.00
No. 2 bundles	35.00 to	36.00
No. 1 busheling	70.00 to	71.00
Drop forge flashings	41.00 to	42.00
Machine shop turnings	24.00 to	25.00
Mixed borings and turnings	6.00 to	7.00
Shoveling turnings	24.00 to	25.00
Cast iron borings	22.00 to	23.00
Heavy breakable cast	32.00 to	33.00
Mixed cupola cast	47.00 to	48.00
Automobile cast	71.00 to	72.00
Stainless		
18-8 bundles and solids	450.00 to	460.00
18-8 turnings	310.00 to	320.00
430 bundles and solids	115.00 to	125.00

Youngstown

Brokers buying prices per gross ton on cars

No. 1 hvy. melting	$ 55.00 to	$ 56.00
No. 2 hvy. melting	53.00 to	54.00
No. 1 dealer bundles	73.00 to	74.00
No. 2 dealer bundles	31.00 to	32.00
Machine shop turnings	19.00 to	20.00
Shoveling turnings	19.00 to	20.00
Low phos. plate	72.00 to	73.00
Electric furnace bundles	61.00 to	62.00
Galvanized bundles	58.00 to	59.00

Cleveland

Brokers buying prices per gross ton on cars

No. 1 hvy. melting	$ 54.00 to	$ 55.00
No. 2 hvy. melting	52.00 to	53.00
No. 1 dealer bundles	78.00 to	79.00
No. 1 factory bundles	78.00 to	79.00
No. 2 bundles	29.00 to	30.00
No. 1 busheling	68.00 to	69.00
Machine shop turnings	19.00 to	20.00
Shoveling turnings	19.00 to	20.00
Cast iron borings	20.00 to	21.00
Cut structural & plates, 5 ft and under	69.00 to	70.00
Cut structural & plates, 2 ft and under	90.00 to	91.00
Low phos. punchings plate	90.00 to	91.00
Foundry steel, 2 ft & under	53.00 to	54.00
No. 1 RR hvy. melting	60.00 to	61.00
Rails, 2 ft and under	89.00 to	90.00
Rails, 18 in. and under	91.00 to	92.00
No. 1 machinery cast	80.00 to	81.00
Mixed cast	47.00 to	48.00
Stainless		
18-8 bundles	450.00 to	460.00
18-8 turnings	315.00 to	325.00
430 bundles	120.00 to	130.00

Buffalo

Brokers buying prices per gross ton on cars

No. 1 hvy. melting	$ 53.00 to	$ 54.00
No. 2 hvy. melting	43.00 to	44.00
No. 1 busheling	71.00 to	72.00
No. 1 dealer bundles	71.00 to	72.00
No. 2 bundles	32.00 to	33.00
Machine shop turnings	13.00 to	14.00
Mixed borings and turnings	13.00 to	14.00
Shoveling turnings	19.00 to	20.00
Cast iron borings	27.00 to	28.00
Low phos. plate	78.00 to	79.00
Structural and plate, 2 ft and under	79.00 to	80.00
Rails, 2 ft and under	79.00 to	80.00
Scrap rails, random lgth	61.00 to	62.00
No. 1 machinery cast	74.00 to	75.00
No. 1 cupola cast	71.00 to	72.00

St. Louis

No. 1 hvy. melting	$ 68.00 to	$ 69.00
No. 2 hvy. melting	56.00 to	57.00
No. 1 busheling	78.00 to	79.00
No. 1 dealer bundles	81.00 to	82.00
No. 2 bundles	54.00 to	55.00
Machine shop turnings	15.00 to	16.00
Shoveling turnings	19.00 to	20.00
Cast iron borings	26.00 to	27.00
No. 1 RR hvy. melting	76.00 to	77.00
Rails, random length	72.00 to	73.00
Rails, 5 ft and under	85.00 to	86.00
RR specialties	77.00 to	78.00
Cupola cast	66.00 to	67.00
Heavy breakable cast	40.00 to	41.00
Stove plate	85.00 to	86.00
Steel car wheels	85.00 to	86.00
Rerolling rails	99.00 to	100.00
Unstripped motor blocks	49.00 to	50.00

Birmingham

No. 1 hvy. melting	$ 70.00 to	$ 71.00
No. 2 hvy. melting	66.00 to	67.00
No. 1 dealer bundles	70.00 to	71.00
No. 2 bundles	46.00 to	47.00
No. 1 busheling	70.00 to	71.00
Shredder scrap	88.00 to	89.00
Machine shop turnings	23.00 to	24.00
Shoveling turnings	36.00 to	37.00
Cast iron borings	36.00 to	37.00
Electric furnace bundles	67.00 to	68.00
Elec. furnace, 3 ft & under	70.00 to	71.00
Structural and plate, 2 ft	89.00 to	90.00
Structural and plate, 4 ft	83.00 to	84.00
No. 1 RR hvy. melting	83.00 to	84.00
Scrap rails, random lgth	73.00 to	74.00
Rails, 2 ft and under	90.00 to	91.00
Angles and splice bars	83.00 to	84.00
No. 1 cupola cast	82.00 to	83.00
Unstripped motor blocks	72.00 to	73.00

Cincinnati

Brokers buying prices per gross ton on cars

No. 1 hvy. melting	$ 54.00 to	$ 55.00
No. 2 hvy. melting	49.00 to	50.00
No. 1 dealer bundles	74.00 to	75.00
No. 2 bundles	32.00 to	33.00
Machine shop turnings	9.00 to	10.00
Shoveling turnings	12.00 to	13.00
Cast iron borings	19.00 to	20.00
Low phos. 18 in. and under	77.00 to	78.00
Rails, random length	59.00 to	60.00
Rails, 2 ft and under	75.00 to	76.00
No. 1 cupola cast	65.00 to	66.00
Heavy breakable cast	25.00 to	26.00
Drop broken cast	67.00 to	68.00

New York

Brokers buying prices per gross ton on cars

No. 1 hvy. melting	$ 38.00 to	$ 40.00
No. 2 hvy. melting	31.00 to	32.00
No. 2 dealer bundles	20.00 to	22.00
Mixed borings and turnings	10.00 to	11.00
Machine shop turnings	4.00 to	6.00
Shoveling turnings	10.00 to	12.00
Clean cast, chem. borings	35.00 to	36.00
No. 1 machinery cast	79.00 to	80.00
Mixed yard cast	50.00 to	51.00
Heavy breakable cast	10.00 to	12.00
Stainless		
18-8 prepared solids	400.00 to	420.00
18-8 turnings	300.00 to	320.00
430 prepared solids	90.00 to	100.00
430 solids	75.00 to	85.00

Boston

Brokers buying prices per gross ton on cars

No. 1 hvy. melting	$ 49.00 to	$ 51.00
No. 2 hvy. melting	39.00 to	41.00
No. 1 dealer bundles	50.00 to	52.00
No. 2 bundles	32.00 to	34.00
No. 1 busheling	56.00 to	58.00
Shredder scrap	59.00 to	61.00
Machine shop turnings	12.00 to	14.00
Shoveling turnings	18.00 to	20.00
No. 1 machinery cast	72.00 to	77.00
Mixed cupola cast	44.00 to	46.00
Heavy breakable cast	8.00 to	10.00

San Francisco

No. 1 hvy. melting	$ 40.00 to	$ 42.00
No. 2 hvy. melting	34.00 to	36.00
No. 1 dealer bundles	31.00 to	33.00
No. 2 dealer bundles	20.00 to	21.00
Machine shop turnings	8.00 to	9.00
Cast iron borings	8.00 to	9.00
No. 1 cupola cast	80.00 to	82.00

Los Angeles

No. 1 hvy. melting	$ 34.00 to	$ 36.00
No. 2 hvy. melting	28.00 to	30.00
No. 1 dealer bundles	26.00 to	28.00
No. 2 dealer bundles	16.00 to	18.00
Machine shop turnings	9.00 to	10.00
Shoveling turnings	10.00 to	11.00
Cast iron borings	8.00 to	9.00
Elec. furnace, 1 ft. and under (foundry)	67.00 to	69.00
No. 1 cupola cast	72.00 to	74.00

Seattle

No. 1 hvy. melting	$ 60.00 to	$ 62.00
No. 2 hvy. melting	51.00 to	53.00
No. 2 bundles	35.00 to	37.00
No. 1 cupola cast	89.00 to	90.00
Mixed yard cast	80.00 to	82.00

Hamilton, Ont.

Brokers buying prices per gross ton on cars

No. 1 hvy. melting	$ 74.00
No. 2 hvy. melting, cut 2 ft and under	66.00
No. 1 dealer bundles	82.00
No. 2 bundles	58.00
Mixed steel scrap	53.00
Bush. new fact. prep'd.	77.00
Bush. new fact. unprep'd.	60.00
Machine shop turnings	30.00
Short steel turnings	30.00
Mixed borings and turning	19.00
Cast scrap	97.00

Houston

Brokers buying prices per gross ton on cars

No. 1 hvy. melting	$ 62.00 to	$ 63.00
No. 2 hvy. melting	52.00 to	53.00
No. 2 bundles	33.00 to	34.00
Machine shop turnings	13.00 to	14.00
Crushed turnings	24.00 to	25.00
Shredder scrap	70.00 to	71.00
Cut structural plate, 2 ft and under	88.00 to	89.00
Cut structural plate, 5 ft and under	70.00 to	71.00
Unstripped motor blocks	54.00 to	55.00
Cupola cast	81.00 to	82.00

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AGAIN, ORDERS TAKE IT ON THE CHIN

August was another trip to nowhere for durable goods orders.

Actually, it was worse than nowhere. Orders, at $102.9 billion, were down 3.1 pct below the July level.

With two-thirds of the year gone, it seems clear that 1986 will be a down year for orders flowing to makers of durable goods.

In the opening month this year, durables orders ran $6 billion higher than in August. And through the first eight months this year, compared to the same time span last year, total manufacturing industry orders were down fractionally.

Factory operating rates and output levels have been running too low for too long to expect any strong pickup in durables orders between August and December.

A number of orders analysts say that imports, more than any other single factor, are keeping a lid on the flow of orders to U.S. plants.

In 1984, the U.S. trade deficit in manufactured goods totaled $79 billion; in 1985, $102 billion. Through the first seven months this year, this trade deficit was running at an annual rate of $126 billion.

Other analysts note that the new tax bill, which is slanted against capital-intensive industries, is another dark cloud over durables orders for the balance of this year. They say the new bill needs some "getting used to."

More fundamental than all these factors, of course, is the strength in the U.S. economy itself. In the second quarter, the economy ran at a 0.6 pct annual growth rate.

That fact, plus the widely forecast growth rate of 2.2 pct for next year, doesn't point to good news for orders for some time.

Billions of Dollars, Seasonally adjusted Monthly Total, unless otherwise noted Source: U.S. Dept of Commerce		Latest Month or Qtr.	Previous Month or Qtr.	Same Period Year Ago
CAPITAL EXPENDITURES (Annual Rates)				
U.S. Industry, Total	4th Q*	$384.0	$380.5	$397.9
Manufacturing, Total	4th Q*	147.6	142.7	158.3
Manufacturing, Durable Goods	4th Q*	70.3	66.3	75.5
Mining Industry	4th Q*	10.2	10.8	15.3
KEY INDICATORS, Durable Goods Manufacturing				
New Orders	Aug.	102.9	106.2	107.7
Shipments	Aug.	104.0	105.0	105.3
Inventories	Aug.	186.6	186.9	192.0
Unfilled Orders	Aug.	354.0	355.1	353.5
NEW ORDERS, METALWORKING				
Capital Goods Producers, Nondefense Industries	Aug.	26.3	27.4	27.6
Capital Goods Producers Defense Industries	Aug.	7.5	10.2	10.3
Primary Metals, Total	Aug.	10.2	9.1	11.0
Steel (SIC 331)	Aug.	4.4	3.7	4.8
Iron & Steel Castings (SIC 332)	Aug.	1.2	1.1	1.3
Nonferrous Metals	Aug.	4.6	4.3	4.9
Nonelectrical Mach.-Equip. Industries, Total	Aug.	16.7	17.2	17.8
Engines & Turbines	Aug.	0.9	1.0	1.3
Farm Mach.& Equipment (Shipments)	Aug.	0.8	0.7	0.9
Construction, Mining & Mat. Hdlg. Equip	Aug.	2.5	2.6	2.9
General Industrial Machinery	Aug.	1.3	1.5	1.3
Metalworking Machinery	Aug.	0.7	0.8	0.7
Machine Tools, Total ($Mill.)**	Aug.	154.3	170.0	184.5
Machine Tools, Metalcutting**	Aug.	114.8	128.8	130.8
Machine Tools, Metalforming**	Aug.	39.5	41.2	53.7
Electrical Mach. & Equip. Industries, Total	Aug.	15.9	17.0	14.7
Elec. Transmission & Ind. Equip.	Aug.	2.1	2.2	2.2
Household Appliances	Aug.	1.5	1.6	1.3
Communication Equipment	Aug.	5.3	6.0	5.1
Transportation Equipment,Total	Aug.	25.8	28.4	29.9
Motor Vehicles & Parts (Shipments)	Aug.	17.0	16.9	17.1
Aircraft, Missiles & Parts	Aug.	7.6	9.2	11.3
Shipbuilding & Military Tanks	Aug.	0.6	1.5	0.4
Fabricated Metal Products, Total	Aug.	13.8	14.0	14.6
Instruments, Total	Aug.	4.7	4.8	4.8

*Est. – Commerce Dept; **Source: NMTBA